

Vermont Legislative Joint Fiscal Office

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TO: The Joint Fiscal Committee
 FROM: Nolan Langweil
 DATE: 9/3/10
 RE: Catamount Health Premium Differential

In addition to laying out the premium contributions by federal poverty level (FPL) for Catamount Health beneficiaries receiving premium assistance, 33 V.S.A. § 1984(c)(2)(B) also established a mechanism for which beneficiaries pay the difference between the premium for the lowest cost plan and the premium for the plan in which the individual is enrolled. Up until June 2010, both Blue Cross Blue Shield (BCBS) and MVP Catamount Health premiums had been roughly the same. Beginning July 2010, MVP received approval from BISCHA for an increase which equated to a roughly \$10 differential between the two plans. However, at the time DVHA was unsure if charging MVP beneficiaries the additional \$10 would violate the maintenance of effort (MOE) provisions under both ARRA and the new federal health care reform law (PPACA) so they did not institute a \$10 increase for MVP beneficiaries.

Catamount Health Premiums			
Beginning date	BCBS	MVP	Differential*
11/1/07	\$393.11	\$393.11	\$0
1/1/10	\$453.03	\$453.03	\$0
4/1/10	\$442.25	\$441.89	\$0
7/1/10	\$442.25	\$452.08	\$10
10/1/10	\$415.72	\$452.08	\$36

* Note: Differential rounded to the nearest dollar.

On June 10, DVHA received guidance from CMS that applying this differential would not violate the MOE. As such, DVHA intends to start charging the premium differential to MVP beneficiaries with premium assistance as of October 1, 2010 (for which bills have already been sent). The differential as of 10/1/2010 will be \$36. The \$36 differential will be applied as beneficiaries reach their 12-month anniversary/renewal dates. For October, 68 MVP enrollees will receive the increase.

Example scenario's for Catamount premium assistant beneficiaries with October anniversary dates

	Carrier	FPL	Premium	Differential	Total monthly cost	
Individual A	BCBS	195%	\$60.00	\$0.00	\$60.00	} 60% difference
Individual B	MVP	195%	\$60.00	\$36.00	\$96.00	
Individual C	BCBS	240%	\$135.00	\$0.00	\$135.00	} 27% difference
Individual D	MVP	240%	\$135.00	\$36.00	\$171.00	
Individual E	BCBS	290%	\$185.00	\$0.00	\$185.00	} 19% difference
Individual F	MVP	290%	\$185.00	\$36.00	\$221.00	

The chart above provides examples of how this would apply to individuals in various scenarios. For instance, Individual A and Individual B are both at 195% FPL. However, Individual A, who is a BCBS beneficiary will pay \$60/month, while Individual B, an MVP beneficiary will pay \$96/month (\$60+\$36), a difference of 60%. As such, individual MVP beneficiaries will likely do one of three things:

- 1) switch to BCBS
- 2) stay with MVP and pay the higher total monthly cost
- 3) drop their Catamount Health coverage altogether

At this time we can only speculate what impact this might have on the Catamount Health Program. That said, we feel there is a strong likelihood that a good portion of MVP beneficiaries, particularly those at the lower FPL's, will either switch to BCBS or drop their coverage altogether when they hit their 12-month anniversary/renewal date. As a result, MVP, who currently covers approximately 21% of all Catamount Health beneficiaries, could see their Catamount Health pool decrease. It may also increase "churn" (the pattern of people moving into and out of the program) in the overall Catamount Health program.

While there are no policy decisions that the Joint Fiscal Committee needs to make on this issue at this time, we felt it was an issue worth bringing to your attention.

For more information, please contact Nolan Langweil at 802-828-1043 or by e-mail nlangweil@leg.state.vt.us.

Nolan-follow-up
A.2.b.

IMPORTANT INFORMATION ABOUT YOUR CHAP PREMIUM

There are two insurance companies that offer Catamount Health plans, Blue Cross Blue Shield (BCBS) of Vermont and MVP Health Care. The State of Vermont is currently assisting you with your monthly premium payments through the CHAP program. Rules require that if the Catamount Health plan you are enrolled in costs the state more than the other plan, you are required to pay the difference in the cost.

You are currently enrolled in the MVP plan, which now costs \$36 more than the BCBS plan. You will begin seeing this increase with the October 2010 premium bill (which is due by September 15). This extra \$36 will be added to your monthly premium amount.

The costs to the state of the two plans may change each year on your CHAP "anniversary date," which is the month that you enrolled in Catamount Health, so this extra charge could change at that time also.

If you have any questions, please call Green Mountain Care Member Services at 1-800-250-8427.

Note:

Those with July, August, or September anniversary dates got the same notice, but the differential was \$10.